



UNITED FISHERMEN OF ALASKA

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October 22, 2020

Alaska Department of Fish and Game
Commissioner Doug Vincent Lang
Kari Winkel / Rachel Hanke
Juneau, AK 99801

Re: Section 12005 CARES Act Funding draft

Dear Commissioner Doug Vincent Lang:

Thank you for extending the comment deadline for the draft CARES Act Funding Plan dated October 5th. The United Fishermen of Alaska (UFA) Board reviewed the plan and considered your comments during our meeting with you on Monday October 19th. We request that when the Department issues a revised draft spending plan you allow a new comment period for review. Without additional information from the State to justify the reallocation of funds, we cannot support the sector allocations in the Alaska's draft Cares Act Funding Plan.

United Fishermen of Alaska represents a wide range of commercial fishing businesses that operate in Alaska waters, including businesses based outside of Alaska. The UFA Board believes that payments from Alaska's \$50M share of CARES Act Relief of Fisheries Participants made to commercial fishing and sport fishing charter recipients should have parity by being limited to Alaska residents. Initial allocations by NOAA at the state level were calculated based on residency of the business owner. This is how payments of Alaska's share of the monies should flow as well. The current draft spend plan requires that commercial fishery participants be Alaska residents but does not impose the same requirement on the sport fishing charter sector. We ask that this be corrected in a subsequent draft, and that commercial and sport fishing charter sectors be subject to the same residency requirements.

More importantly, the current plan does not adequately explain why the State increased the sport fishing charter allocation from NOAA's recommended 5.5% to 32% of the state's \$50M allocation. Given an estimated 5,000 qualified shares¹ in the sport fishing charter sector each applicant would receive \$7,868 per share. In comparison, there are over 20,000 shares² on the commercial fisheries side and commercial fishery applicants would receive only \$790 per share. We ask the Department to provide a rationale that includes economic impact data to

¹ In 2019, there were 1,239 saltwater guide businesses and 3,429 saltwater guides (resident and non-residents combined) plus some additional freshwater guides that might qualify, leading to approximately 5,000 shares for sport fishing charter.

² CFEC data shows there are 6,250 resident commercial fishing vessels and approximately 14,000 resident commercial fishing permits, leading to an estimate of 20,250 shares for commercial fishing.

justify the significant adjustment, as well as data for the total possible number of recipients in each sector, which will help demonstrate the reasonableness of the proposed allocations.

The increase in allocation to the sport fishing charter sector was essentially funded by decreasing the processing sector allocation. UFA would like to point out that the Alaska small business loans issued to assist with COVID-19 impacts were available to most charter operations but were not available to Alaska processors, who generally employ more than the 50-worker limit established by the state and incurred large costs very much tied to COVID-19 expenses to operate safely in Alaska's remote communities. The commercial fishing sector needs support to ensure both healthy processing and harvesting sectors to move forward amidst these difficult times.

We are concerned about non-resident commercial fishermen who fished in Alaska but live in non-coastal states that did not receive an allocation of the \$300M from NOAA. Unfortunately, because NOAA's allocation methodology was based on residency, we do not have a suggested solution for this round of funding. We ask that the State of Alaska work with us to approach the Alaska Congressional Delegation for a second round of funding to assist all Alaska fishermen, regardless of residency and commercial fishing crewmembers.

Regarding the **General Eligibility Requirements** section, we recommend clarifying the bullet point on applicant self-certification and revenue calculations³. In particular, please provide an explanation of what the outcome for an individual who is under their five-year average when COVID-19 related grants are factored in, but the money received under this program puts them over the limit? It seems plausible that the applicant would not be able to determine if receiving this funding would cause them to exceed their limit because they would not know the value of their share when applying. Finally, will you clarify if any revenue information be required as part of the application and self-certification process?

Regarding the **Commercial Harvesting Sector**, we recommend the following clarifications.

- Please clarify when a permit qualifies for a share.
- Please clarify what distinguishes support vessels that do not qualify.
- Clarify the relevant time frame for evaluating the five-year revenue average; is it 12 months of annual income, or is the annual income time-period March 1-November 1 each year? Under the commercial sector guidance, it appears that the five-year average is for all income for the year whereas the general requirements specify the average is determined by the time-period of March 1 to November 1. It might be difficult for a fisherman involved in fall & winter fisheries to determine income time periods without further clarification.
- We request the State add the following language to the second bullet to account for operational differences between state and federal fisheries: "or a copy of a valid federal permit that was actively fished in the qualifying period."
- At our October 19th meeting you asked for feedback on how to handle allocations to tenders. Most commercial fishermen associate tenders with the processing sector, but as the current plan is drafted tenders do not fit well with the processing sector criteria. UFA recognizes tenders are an important component of the seafood sector that deserves consideration in Alaska's spending plan.

³ Applicants must certify that receiving funds under this program, in addition to any COVID 19 pandemic relief, will not cause their business to exceed its average annual revenue from fishery participation from 2015-2019. Other types of COVID 19 aid include AK CARES grants, PPP grant portion of loans, EIDL advance grant portion of loans, unemployment payments, and municipal CARES Act grants.

- Delete the bullet point which states tender vessel owners must hold a valid 2020 ADF&G fish transport permit. These are separate operations than those of typical tenders. Tenders hold a CFEC commercial vessel license and generally operate under a contract with a processor. We suggest the State use this CFEC commercial vessel license to provide tender vessel owners a share in the commercial harvester sector portion of the spending plan.
- We would request ADF&G to provide a new revised spend plan that also includes more detail and what information would be requested on an application as we would prefer that ADF&G develop this rather than the Pacific Marine States develop the details and guidance.
- There is some concern within UFA that while a simple share plan is easy to administer and that there is some urgency to “get money out the door”, an inequitable plan will not fairly compensate those businesses that have suffered. We are aware that some fishermen have not been successful in applying for any COVID 19 relief funding.

Aquaculture Sector –

Alaska’s private non-profit salmon hatcheries are currently excluded from the Draft Spend Plan as ineligible entities. We respectfully request that the Department grant eligibility for salmon hatcheries to apply for relief by modifying Section 12005 CARES Act Relief for Fisheries Participation Draft Spend Plan. After significant research, we are unable to identify federal or state criteria that would preclude the hatcheries from receiving relief under Section 12005. Alaska’s salmon hatcheries hold permits to allow the licensing of cost recovery operations and are significant actors and contributors to all user groups, but specifically commercial fisheries, with an economic impact of \$602 million annually statewide. Several of Alaska’s salmon hatcheries have faced serious losses in 2020 due to COVID’s impacts on operational costs and seafood markets. For these reasons, UFA requests that salmon hatcheries be eligible for relief.

We agree that there is not enough funding to make each business whole. We also note that Alaska’s commercial fishery sector accounts for 60% of all U.S. fisheries harvest annually, which is why Alaska (and Washington’s) shares were the largest of any states. As the largest private employers in the State, we ask that you provide substantive economic impact information that justifies the reallocation or that you revise the spend plan to fairly allocate the funds across all sectors. **In either case, we strongly recommend an additional comment period on the revised plans.**

Thank you,



Matt Alward
President



Frances H. Leach
Executive Director